

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 1947 - SB 1671

March 30, 2011

SUMMARY OF BILL: Adds to the definition of athlete agent and states that athlete agents are persons who work for compensation or for anything of value and who attempt to negotiate, procure, offer, or promise on behalf of a student athlete employment with any professional team or organization or a college or university athletic scholarship. Requires that individuals doing business as agent athletes shall consent to the jurisdiction of Tennessee courts and be subject to suit in Tennessee. Authorizes the Secretary of State to conduct public or private investigations into whether athlete agents have violated rules and regulations governing their actions. Authorizes athlete agents to work as an agent for all purposes except signing a contract without registering with the Secretary of State if within seven days of initially acting as an agent, the individual submits a registration form. Requires athlete agents to notify the Secretary of State within 30 days of whenever the information contained in their registration application changes or becomes inaccurate or incomplete. Requires the Secretary of State to give notice and hearings before any suspension, revocation, or refusal to renew a registration application. Sets forth notification requirements for athlete agents before any initial contact with student athletes and for student athletes after entering into a contract with an athlete agent. Changes the penalties for improper actions by athlete agents to a Class D felony and a fine of not less than \$5,000 and confinement for no less than two years and no more than 12 years. Authorizes the Secretary of State to assess a \$250,000 civil penalty for violations by athlete agents. Authorizes the Secretary of State to issue cease and desist orders against individuals violating laws, rules, or regulations relating to actions of athlete agents.

ESTIMATED FISCAL IMPACT:

Increase State Revenue - \$100,000

Increase State Expenditures - \$4,400/Incarceration*

Assumptions:

- The Secretary of State estimates that each violator will be assessed a civil penalty between \$10,000 and \$250,000. The exact increase in state revenue is unknown; however, it is estimated there will be an increase in state revenue of \$100,000 from these civil penalties.
- According to the Department of Correction (DOC), there have been zero admissions for the existing Class E felony offense that is currently punishable with a minimum one-year sentence, a fine of \$25,000, or both. The proposed bill increases the penalty, from a

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Class E to a Class D felony, with a minimum two-year sentence, a fine of \$5,000, or both.

- Estimate assumes one additional admission every five years for the Class D felony improper actions for athlete agents.
- According to the U. S. Census Bureau, population growth in Tennessee has been 1.12 percent per year for the past 10 years, yielding a projected compound population growth of 11.78 percent over the next 10 years. No significant increase in incarceration as a result of population growth. The maximum cost in the tenth year, as required by Tenn. Code Ann. § 9-4-210, is based on one offender every five years.
- According to DOC, the average operating cost per offender per day for calendar year 2011 is \$60.62. Increasing the minimum sentence, from one to two years, will result in an offender serving an additional 365.25 days. The cost per offender at 365.25 days is \$22,141.46 (\$60.62 x 365.25 days).
- The annualized time served per conviction is 73.05 days (0.20 annual number of convictions x 365.25 days served). The annualized cost per conviction is \$4,428.29 (\$60.62 x 73.05 days).

**Tennessee Code Annotated, Section 9-4-210, requires that: For any law enacted after July 1, 1986, which results in a net increase in periods of imprisonment in state facilities, there shall be appropriated from recurring revenues the estimated operating cost of such law. The amount appropriated from recurring revenues shall be based upon the highest cost of the next 10 years.*

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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